Senate File 2255 - Introduced

SENATE FILE 2255
BY COMMITTEE ON HUMAN
RESOURCES

(SUCCESSOR TO SSB 3105)

A BILL FOR

- 1 An Act relating to the application of the certificate of need
- 2 process only to nursing facilities.
- 3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

- 1 Section 1. Section 135.61, subsection 1, paragraphs c and d,
- 2 Code 2022, are amended to read as follows:
- 3 c. Each institutional health nursing facility or
- 4 health maintenance organization which is located in the
- 5 geographic area which would appropriately be served by the
- 6 new institutional health service proposed in the application.
- 7 The appropriate geographic service area of each institutional
- 8 health nursing facility or health maintenance organization
- 9 shall be determined on a uniform basis in accordance with
- 10 criteria established in rules adopted by the department.
- 11 d. Each institutional health nursing facility or health
- 12 maintenance organization which, prior to receipt of the
- 13 application by the department, has formally indicated to the
- 14 department pursuant to this subchapter an intent to furnish in
- 15 the future institutional health services similar to the new
- 16 institutional health service proposed in the application.
- 17 Sec. 2. Section 135.61, subsections 3, 15, 18, and 19, Code
- 18 2022, are amended to read as follows:
- 19 3. "Consumer" means any individual whose occupation is other
- 20 than health services, who has no fiduciary obligation to an
- 21 institutional health a nursing facility, health maintenance
- 22 organization or other facility or other entity primarily
- 23 engaged in delivery of services provided by persons in health
- 24 service occupations, and who has no material financial interest
- 25 in the providing of any health services.
- 26 15. "Institutional health service" means any health service
- 27 furnished in or through institutional health nursing facilities
- 28 or health maintenance organizations, including mobile health
- 29 services.
- 30 18. "New institutional health service" or "changed
- 31 institutional health service" means any of the following:
- 32 a. The construction, development or other establishment
- 33 of a new institutional health nursing facility regardless of
- 34 ownership.
- 35 b. Relocation of an institutional health a nursing facility.

- 1 c. Any capital expenditure, lease, or donation by or
- 2 on behalf of an institutional health a nursing facility in
- 3 excess of one million five hundred thousand dollars within a
- 4 twelve-month period.
- 5 d. A permanent change in the bed capacity, as determined by
- 6 the department, of an institutional health a nursing facility.
- 7 For purposes of this paragraph, a change is permanent if it is
- 8 intended to be effective for one year or more.
- 9 e. Any expenditure in excess of five hundred thousand
- 10 dollars by or on behalf of an institutional health a nursing
- ll facility for health services which are or will be offered in
- 12 or through an institutional health a nursing facility at a
- 13 specific time but which were not offered on a regular basis in
- 14 or through that institutional health nursing facility within
- 15 the twelve-month period prior to that time.
- 16 f. The deletion of one or more health services, previously
- 17 offered on a regular basis by an institutional health a nursing
- 18 facility or health maintenance organization or the relocation
- 19 of one or more health services from one physical facility to
- 20 another.
- 21 g. Any acquisition by or on behalf of a health care provider
- 22 or a group of health care providers of any piece of replacement
- 23 equipment with a value in excess of one million five hundred
- 24 thousand dollars, whether acquired by purchase, lease, or
- 25 donation.
- 26 h. Any acquisition by or on behalf of a health care provider
- 27 or group of health care providers of any piece of equipment
- 28 with a value in excess of one million five hundred thousand
- 29 dollars, whether acquired by purchase, lease, or donation,
- 30 which results in the offering or development of a health
- 31 service not previously provided. A mobile service provided
- 32 on a contract basis is not considered to have been previously
- 33 provided by a health care provider or group of health care
- 34 providers.
- 35 i, g. Any acquisition by or on behalf of an institutional

- 1 health a nursing facility or a health maintenance organization
- 2 of any piece of replacement equipment with a value in excess of
- 3 one million five hundred thousand dollars, whether acquired by
- 4 purchase, lease, or donation.
- 5 j. Any acquisition by or on behalf of an institutional
- 6 health a nursing facility or health maintenance organization
- 7 of any piece of equipment with a value in excess of one
- 8 million five hundred thousand dollars, whether acquired by
- 9 purchase, lease, or donation, which results in the offering or
- 10 development of a health service not previously provided. A
- 11 mobile service provided on a contract basis is not considered
- 12 to have been previously provided by an institutional health a
- 13 nursing facility.
- 14 k. Any air transportation service for transportation of
- 15 patients or medical personnel offered through an institutional
- 16 health facility at a specific time but which was not offered
- 17 on a regular basis in or through that institutional health
- 18 facility within the twelve-month period prior to the specific
- 19 time.
- 20 1. Any mobile health service with a value in excess of
- 21 one million five hundred thousand dollars.
- 22 m. Any of the following:
- 23 (1) Cardiac catheterization service.
- 24 (2) Open heart surgical service.
- 25 (3) Organ transplantation service.
- 26 (4) Radiation therapy service applying ionizing radiation
- 27 for the treatment of malignant disease using megavoltage
- 28 external beam equipment.
- 29 19. "Offer", when used in connection with health services,
- 30 means that an institutional health a nursing facility, health
- 31 maintenance organization, health care provider, or group of
- 32 health care providers holds itself out as capable of providing,
- 33 or as having the means to provide, specified health services.
- 34 Sec. 3. Section 135.61, Code 2022, is amended by adding the
- 35 following new subsection:

- NEW SUBSECTION. 18A. "Nursing facility" means the same as 2 defined in section 135C.1.
- 3 Sec. 4. Section 135.61, subsections 2, 14, 20, 21, and 22,
- 4 Code 2022, are amended by striking the subsections.
- 5 Sec. 5. Section 135.62, subsection 2, paragraph a,
- 6 subparagraph (2), Code 2022, is amended to read as follows:
- 7 (2) Serve as a member of any board or other policymaking or
- 8 advisory body of an institutional health a nursing facility,
- 9 a health maintenance organization, or any health or hospital
- 10 insurer.
- 11 Sec. 6. Section 135.63, Code 2022, is amended to read as
- 12 follows:
- 13 135.63 Certificate of need required exclusions.
- 14 l. A new institutional health service or changed
- 15 institutional health service shall not be offered or developed
- 16 in this state without prior application to the department
- 17 for and receipt of a certificate of need, pursuant to
- 18 this subchapter. The application shall be made upon forms
- 19 furnished or prescribed by the department and shall contain
- 20 such information as the department may require under this
- 21 subchapter. The application shall be accompanied by a fee
- 22 equivalent to three-tenths of one percent of the anticipated
- 23 cost of the project with a minimum fee of six hundred dollars
- 24 and a maximum fee of twenty-one thousand dollars. The fee
- 25 shall be remitted by the department to the treasurer of
- 26 state, who shall place it in the general fund of the state.
- 27 If an application is voluntarily withdrawn within thirty
- 28 calendar days after submission, seventy-five percent of the
- 29 application fee shall be refunded; if the application is
- 30 voluntarily withdrawn more than thirty but within sixty days
- 31 after submission, fifty percent of the application fee shall
- 32 be refunded; if the application is withdrawn voluntarily more
- 33 than sixty days after submission, twenty-five percent of
- 34 the application fee shall be refunded. Notwithstanding the
- 35 required payment of an application fee under this subsection,

- 1 an applicant for a new institutional health service or a
- 2 changed institutional health service offered or developed by
- 3 an intermediate care facility for persons with an intellectual
- 4 disability or an intermediate care facility for persons with
- 5 mental illness as defined pursuant to section 135C.1 is exempt
- 6 from payment of the application fee.
- This subchapter shall not be construed to augment, limit,
- 8 contravene, or repeal in any manner any other statute of this
- 9 state which may authorize or relate to licensure, regulation,
- 10 supervision, or control of, nor to be applicable to:
- 11 a. Private offices and private clinics of an individual
- 12 physician, dentist, or other practitioner or group of
- 13 health care providers, except as provided by section 135.61,
- 14 subsection 18, paragraphs "g", "h", and "m", and section 135.61,
- 15 subsections 20 and 21.
- 16 b. Dispensaries and first aid stations, located within
- 17 schools, businesses, or industrial establishments, which are
- 18 maintained solely for the use of students or employees of those
- 19 establishments and which do not contain inpatient or resident
- 20 beds that are customarily occupied by the same individual for
- 21 more than twenty-four consecutive hours.
- 22 c. Establishments such as motels, hotels, and boarding
- 23 houses which provide medical, nursing personnel, and other
- 24 health related services as an incident to their primary
- 25 business or function.
- 26 d. The remedial care or treatment of residents,
- 27 consumers, or patients in any home or institution conducted
- 28 only for those who rely solely upon treatment by prayer or
- 29 spiritual means in accordance with the creed or tenets of any
- 30 recognized church or religious denomination.
- 31 e. c. A health maintenance organization or combination of
- 32 health maintenance organizations or an institutional health a
- 33 nursing facility controlled directly or indirectly by a health
- 34 maintenance organization or combination of health maintenance
- 35 organizations, except when the health maintenance organization

- 1 or combination of health maintenance organizations does any of
- 2 the following:
- 3 (1) Constructs, constructs, develops, renovates, relocates,
- 4 or otherwise establishes an institutional health a nursing
- 5 facility.
- 6 (2) Acquires major medical equipment as provided by section
- 7 135.61, subsection 18, paragraphs "i" and "j".
- 8 f. A residential care facility, as defined in section
- 9 135C.1, including a residential care facility for persons with
- 10 an intellectual disability, notwithstanding any provision in
- 11 this subchapter to the contrary.
- 12 g_r d. (1) A reduction in bed capacity of an institutional
- 13 health a nursing facility, notwithstanding any provision in
- 14 this subchapter to the contrary, if all of the following
- 15 conditions exist:
- 16 (a) The institutional health nursing facility reports to
- 17 the department the number and type of beds reduced on a form
- 18 prescribed by the department at least thirty days before the
- 19 reduction. In the case of a health care facility, the The
- 20 new bed total must be consistent with the number of licensed
- 21 beds at the facility. In the case of a hospital, the number
- 22 of beds must be consistent with bed totals reported to the
- 23 department of inspections and appeals for purposes of licensure
- 24 and certification.
- 25 (b) The institutional health nursing facility reports the
- 26 new bed total on its next annual report to the department.
- 27 (2) If these conditions are not met, the institutional
- 28 health nursing facility is subject to review as a "new
- 29 institutional health service" or "changed institutional
- 30 health service" under section 135.61, subsection 18, paragraph
- 31 $\frac{ad}{d}$ and subject to sanctions under section 135.73. If the
- 32 institutional health nursing facility reestablishes the deleted
- 33 beds at a later time, review as a "new institutional health
- 34 service" or "changed institutional health service" is required
- 35 pursuant to section 135.61, subsection 18, paragraph "d".

- 1 h. e. (1) The deletion of one or more health services,
- 2 previously offered on a regular basis by an institutional
- 3 health a nursing facility or health maintenance organization,
- 4 notwithstanding any provision of this subchapter to the
- 5 contrary, if all of the following conditions exist:
- 6 (a) The institutional health nursing facility or health
- 7 maintenance organization reports to the department the deletion
- 8 of the service or services at least thirty days before the
- 9 deletion on a form prescribed by the department.
- 10 (b) The institutional health nursing facility or health
- 11 maintenance organization reports the deletion of the service or
- 12 services on its next annual report to the department.
- 13 (2) If these conditions are not met, the institutional
- 14 health nursing facility or health maintenance organization is
- 15 subject to review as a "new institutional health service" or
- 16 "changed institutional health service" under section 135.61,
- 17 subsection 18, paragraph f'', and subject to sanctions under
- 18 section 135.73.
- 19 (3) If the institutional health nursing facility or health
- 20 maintenance organization reestablishes the deleted service
- 21 or services at a later time, review as a "new institutional
- 22 health service" or "changed institutional health service" may
- 23 be required pursuant to section 135.61, subsection 18.
- 24 i. A residential program exempt from licensing as a health
- 25 care facility under chapter 135C in accordance with section
- 26 135C.6, subsection 8.
- 27 j. The construction, modification, or replacement
- 28 of nonpatient care services, including parking facilities,
- 29 heating, ventilation and air conditioning systems, computers,
- 30 telephone systems, medical office buildings, and other projects
- 31 of a similar nature, notwithstanding any provision in this
- 32 subchapter to the contrary.
- k. (1) The redistribution of beds by a hospital within the
- 34 acute care category of bed usage, notwithstanding any provision
- 35 in this subchapter to the contrary, if all of the following

- 1 conditions exist:
- 2 (a) The hospital reports to the department the number and
- 3 type of beds to be redistributed on a form prescribed by the
- 4 department at least thirty days before the redistribution.
- 5 (b) The hospital reports the new distribution of beds on its
- 6 next annual report to the department.
- 7 (2) If these conditions are not met, the redistribution
- 8 of beds by the hospital is subject to review as a new
- 9 institutional health service or changed institutional health
- 10 service pursuant to section 135.61, subsection 18, paragraph
- 11 "d", and is subject to sanctions under section 135.73.
- 12 1. g. The replacement or modernization of any institutional
- 13 health nursing facility if the replacement or modernization
- 14 does not add new health services or additional bed capacity
- 15 for existing health services, notwithstanding any provision in
- 16 this subchapter to the contrary. With respect to a nursing
- 17 facility, "replacement" means establishing a, and the new
- 18 nursing facility is established within the same county as the
- 19 prior nursing facility to be closed. With reference to a
- 20 hospital, "replacement" means establishing a new hospital that
- 21 demonstrates compliance with all of the following criteria
- 22 through evidence submitted to the department:
- 23 (1) Is designated as a critical access hospital pursuant to
- 24 42 U.S.C. §1395i-4.
- 25 (2) Serves at least seventy-five percent of the same service
- 26 area that was served by the prior hospital to be closed and
- 27 replaced by the new hospital.
- 28 (3) Provides at least seventy-five percent of the same
- 29 services that were provided by the prior hospital to be closed
- 30 and replaced by the new hospital.
- 31 (4) Is staffed by at least seventy-five percent of the
- 32 same staff, including medical staff, contracted staff, and
- 33 employees, as constituted the staff of the prior hospital to be
- 34 closed and replaced by the new hospital.
- 35 m. Hemodialysis services provided by a hospital or

1 freestanding facility, notwithstanding any provision in this 2 subchapter to the contrary. n. Hospice services provided by a hospital, notwithstanding 4 any provision in this subchapter to the contrary. o. h. The change in ownership, licensure, or organizational 6 structure, or designation of the type of institutional health 7 a nursing facility if the health services offered by the 8 successor institutional health nursing facility are unchanged. 9 This exclusion is applicable only if the institutional 10 health nursing facility consents to the change in ownership, 11 licensure, or organizational structure, or designation of 12 the type of institutional health the nursing facility and 13 ceases offering the health services simultaneously with the 14 initiation of the offering of health services by the successor 15 institutional health nursing facility. p. The conversion of an existing number of beds by an 17 intermediate care facility for persons with an intellectual 18 disability to a smaller facility environment, including but not 19 limited to a community-based environment which does not result 20 in an increased number of beds, notwithstanding any provision 21 in this subchapter to the contrary, including subsection 4, if 22 all of the following conditions exist: 23 (1) The intermediate care facility for persons with an 24 intellectual disability reports the number and type of beds to 25 be converted on a form prescribed by the department at least 26 thirty days before the conversion. 27 (2) The intermediate care facility for persons with an 28 intellectual disability reports the conversion of beds on its 29 next annual report to the department. This subchapter shall not be construed to be applicable 30 31 to a health care facility operated by and for the exclusive use 32 of members of a religious order, which does not admit more than 33 two individuals to the facility from the general public, and

34 which was in operation prior to July 1, 1986. However, this 35 subchapter is applicable to such a facility if the facility

- 1 is involved in the offering or developing of a new or changed
- 2 institutional health service on or after July 1, 1986, through
- 3 June 30, 2022.
- 4. A copy of the application shall be sent to the department
- 5 of human services at the time the application is submitted to
- 6 the Iowa department of public health. The department shall not
- 7 process applications for and the council shall not consider a
- 8 new or changed institutional health service for an intermediate
- 9 care facility for persons with an intellectual disability
- 10 unless both of the following conditions are met:
- 11 a. The new or changed beds shall not result in an
- 12 increase in the total number of medical assistance certified
- 13 intermediate care facility beds for persons with an
- 14 intellectual disability in the state, exclusive of those beds
- 15 at the state resource centers or other state institutions,
- 16 beyond one thousand six hundred thirty-six beds.
- 17 b. A letter of support for the application is provided by
- 18 the county board of supervisors, or the board's designee, in
- 19 the county in which the beds would be located.
- Sec. 7. Section 135.64, subsection 1, paragraphs o and q,
- 21 Code 2022, are amended to read as follows:
- 22 o. The impact of relocation of an institutional health a
- 23 nursing facility or health maintenance organization on other
- 24 institutional health nursing facilities or health maintenance
- 25 organizations and on the needs of the population to be served,
- 26 or which was previously served, or both.
- 27 q. In the case of a proposal for the addition of beds
- 28 to a health care nursing facility, the consistency of the
- 29 proposed addition with the plans of other agencies of this
- 30 state responsible for provision and financing of long-term care
- 31 services, including home health services.
- 32 Sec. 8. Section 135.64, subsection 1, paragraphs m and n,
- 33 Code 2022, are amended by striking the paragraphs.
- 34 Sec. 9. Section 135.64, subsection 2, Code 2022, is amended
- 35 to read as follows:

- In addition to the findings required with respect to
- 2 any of the criteria listed in subsection 1 of this section,
- 3 the council shall grant a certificate of need for a new
- 4 institutional health service or changed institutional health
- 5 service only if it finds in writing, on the basis of data
- 6 submitted to it by the department, that all of the following
- 7 conditions are met:
- 8 a. Less costly, more efficient, or more appropriate
- 9 alternatives to the proposed institutional health service are
- 10 not available and the development of such alternatives is not
- ll practicable;.
- 12 b. Any existing facilities providing institutional health
- 13 services similar to those proposed are being used in an
- 14 appropriate and efficient manner.
- 15 c. In the case of new construction, alternatives including
- 16 but not limited to modernization or sharing arrangements have
- 17 been considered and have been implemented to the maximum extent
- 18 practicable.
- 19 d. Patients or consumers will experience serious problems
- 20 in obtaining care of the type which will be furnished by
- 21 the proposed new institutional health service or changed
- 22 institutional health service, in the absence of that proposed
- 23 new service.
- 24 Sec. 10. Section 135.64, subsection 3, Code 2022, is amended
- 25 by striking the subsection.
- Sec. 11. Section 135.67, subsection 1, paragraphs a, b, and
- 27 c, Code 2022, are amended to read as follows:
- 28 a. A project which is limited to repair or replacement
- 29 of a nursing facility or equipment damaged or destroyed by a
- 30 disaster, and which will not expand the nursing facility nor
- 31 increase the services provided beyond the level existing prior
- 32 to the disaster.
- 33 b. A project necessary to enable the nursing facility
- 34 or service to achieve or maintain compliance with federal,
- 35 state, or other appropriate licensing, certification, or safety

- 1 requirements.
- 2 c. A project which will not change the existing bed capacity
- 3 of the applicant's nursing facility or service, as determined
- 4 by the department, by more than ten percent or ten beds,
- 5 whichever is less, over a two-year period.
- 6 Sec. 12. Section 135.73, subsection 1, Code 2022, is amended
- 7 to read as follows:
- 8 1. Any party constructing a new institutional health
- 9 nursing facility or an addition to or renovation of an existing
- 10 institutional health nursing facility without first obtaining
- ll a certificate of need or, in the case of a mobile health
- 12 service, ascertaining that the mobile health service has
- 13 received certificate of need approval, as required by this
- 14 subchapter, shall be denied licensure or change of licensure by
- 15 the appropriate responsible licensing agency of this state.
- 16 Sec. 13. Section 135.131, subsection 1, paragraph a, Code
- 17 2022, is amended to read as follows:
- 18 a. "Birth center" means birth center as defined in section
- 19 135.61 a facility or institution, which is not an ambulatory
- 20 surgical center or a hospital or in a hospital, in which
- 21 births are planned to occur following a normal, uncomplicated,
- 22 low-risk pregnancy.
- 23 Sec. 14. Section 135H.6, subsection 1, paragraph d, Code
- 24 2022, is amended by striking the paragraph.
- 25 Sec. 15. Section 135H.6, subsections 3, 4, and 5, Code 2022,
- 26 are amended to read as follows:
- 27 3. In addition to the beds authorized under subsection 2,
- 28 the department of human services may establish not more than
- 29 thirty beds licensed under this chapter at the state mental
- 30 health institute at Independence. The beds shall be exempt
- 31 from the certificate of need requirement under subsection 1,
- 32 paragraph "d".
- 33 4. The department of human services may give approval to
- 34 conversion of beds approved under subsection 2, to beds which
- 35 are specialized to provide substance abuse treatment. However,

- 1 the total number of beds approved under subsection 2 and this
- 2 subsection shall not exceed four hundred thirty. Conversion
- 3 of beds under this subsection shall not require a revision of
- 4 the certificate of need issued for the psychiatric institution
- 5 making the conversion. Beds for children who do not reside
- 6 in this state and whose service costs are not paid by public
- 7 funds in this state are not subject to the limitations on the
- 8 number of beds and certificate of need requirements otherwise
- 9 applicable under this section.
- 10 5. A psychiatric institution licensed prior to July 1, 1999,
- 11 may exceed the number of beds authorized under subsection 2
- 12 if the excess beds are used to provide services funded from a
- 13 source other than the medical assistance program under chapter
- 14 249A. Notwithstanding subsection 1, paragraphs "d" and "e",
- 15 and subsection 2, the provision of services using those excess
- 16 beds does not require a certificate of need or a review by the
- 17 department of human services.
- 18 Sec. 16. Section 135P.1, subsection 3, Code 2022, is amended
- 19 to read as follows:
- 3. "Health facility" means an institutional a hospital, a
- 21 health care facility as defined in section 135.61, an organized
- 22 outpatient health facility, an outpatient surgical facility,
- 23 a community mental health facility, a birth center as defined
- 24 in section 135.131, a hospice licensed under chapter 135J, a
- 25 home health agency as defined in section 144D.1, an assisted
- 26 living program certified under chapter 231C, a clinic, a
- 27 community health center, or the university of Iowa hospitals
- 28 and clinics, and includes any corporation, professional
- 29 corporation, partnership, limited liability company, limited
- 30 liability partnership, or other entity comprised of such health
- 31 facilities.
- 32 Sec. 17. Section 231C.3, subsection 2, Code 2022, is amended
- 33 to read as follows:
- 2. Each assisted living program operating in this state
- 35 shall be certified by the department. If an assisted living

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1 program is voluntarily accredited by a recognized accrediting
 2 entity, the department shall certify the assisted living
 3 program on the basis of the voluntary accreditation.
 4 assisted living program that is certified by the department on
 5 the basis of voluntary accreditation shall not be subject to
 6 payment of the certification fee prescribed in section 231C.18,
 7 but shall be subject to an administrative fee as prescribed by
 8 rule. An assisted living program certified under this section
 9 is exempt from the requirements of section 135.63 relating to
10 certificate of need requirements.
      Sec. 18. REPEAL.
                         Section 135B.5A, Code 2022, is repealed.
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12
                              EXPLANATION
           The inclusion of this explanation does not constitute agreement with
13
14
            the explanation's substance by the members of the general assembly.
15
      This bill relates to the certificate of need process.
16 The bill eliminates the application of certificate of need
17 requirements to any other institutional health facility or
18 other entity that furnishes new or changed institutional health
19 services with the exception of nursing facilities.
20 amends the definition of "new institutional health service"
21 or "changed institutional health service" to retain services
22 applicable to a nursing facility and eliminates definitions and
23 other provisions no longer necessary to the certificate of need
24 provisions. The bill also makes conforming changes throughout
25 the Code.
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